

February 16, 2024

Via Electronic Mail

Ms. Sherri Golden, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

**Re: Jersey Central Power & Light Company TRA-86 Gross-up Factor to Reflect
the Tax Cuts and Jobs Act (PL 115-97)**

Dear Secretary Golden:

Pursuant to N.J.A.C. §14:3-8.6(f)4, Jersey Central Power & Light Company (“JCP&L”) herewith files TRA-86 gross-up factor, effective February 15, 2024, in accordance with the Order issued by the New Jersey Board of Public Utilities’ (“BPU”) in Docket No. ER23030144, dated February 14, 2024.

In accordance with the BPU’s March 19, 2020 Order in BPU Docket No. EO20030254, JCP&L is submitting this report by electronic mail only. Please kindly confirm your receipt and acceptance of this report by electronic mail at your earliest convenience.

Should you have any questions, please do not hesitate to contact me.

Sincerely yours,



Mark A. Mader
Director, NJ Rates & Regulatory Affairs
973-401-8199

cc: Jaqueline Galka
Mike Kammer
Malike Cummings
Cindy Bianco
Stacy Peterson

TRA-86 Tax Gross Up Factor Template

Directions: Replace the sample data that is shown in the fields highlighted in yellow with your company's information. The formulas will calculate the Gross Up factor that you will use to gross up customer deposits for extensions, customer contributions for extensions, and customer refunds to reflect the consequences under the Tax Reform Act of 1986. If you are taking advantage of Bonus Depreciation (PATH Act), enter the bonus depreciation rate in cell D21; otherwise, enter 0 in cell D21.

Calculation of Tax Gross Up Factor:

	JCP&L	
Gross Up Factor =	$F=(1-(NPV/C))/(1-T)$	1.1568
Construction Cost (C)		1.00
Customer Deposit with Tax Gross Up		1.16
Net of Tax Rate of Return		6.5634%
Combined 21.00% FIT & 9.00% CBT Rate (T) =		28.11%
Initial Tax Liability		0.33
NPV benefit of tax depreciation (NPV) =	$=+NPV(\$J\$15,\$L\$25:\$L\$44)+\$L\24	0.1684
Bonus Depreciation Rate =	0%	

Year	Tax Depreciation Rate	Federal Depreciation	NJ State Depreciation	Net Tax Cash Flow
0				(0.1684)
1	3.750%	0.0375	0.0375	0.0105
2	7.219%	0.0722	0.0722	0.0203
3	6.677%	0.0668	0.0668	0.0188
4	6.177%	0.0618	0.0618	0.0174
5	5.713%	0.0571	0.0571	0.0161
6	5.285%	0.0529	0.0529	0.0149
7	4.888%	0.0489	0.0489	0.0137
8	4.522%	0.0452	0.0452	0.0127
9	4.462%	0.0446	0.0446	0.0125
10	4.461%	0.0446	0.0446	0.0125
11	4.462%	0.0446	0.0446	0.0125
12	4.461%	0.0446	0.0446	0.0125
13	4.462%	0.0446	0.0446	0.0125
14	4.461%	0.0446	0.0446	0.0125
15	4.462%	0.0446	0.0446	0.0125
16	4.461%	0.0446	0.0446	0.0125
17	4.462%	0.0446	0.0446	0.0125
18	4.461%	0.0446	0.0446	0.0125
19	4.462%	0.0446	0.0446	0.0125
20	4.461%	0.0446	0.0446	0.0125
21	2.231%	0.0223	0.0223	0.0063

Calculation of Net of Tax Rate of Return and Combined Federal Income Tax (FIT) and Corporate Business Tax (CBT) Rate:

Utility Name:	% of Capital Structure	Embedded Cost	Weighted Avg. Cost	Net of Tax Rate of Return	
Tax Deductible Capital Structure Components	48.10%	4.572%	2.20%		
Tax Deductible Capital Structure Components	0.00%		0.00%		
Tax Deductible Capital Structure Components	0.00%		0.00%	2.20%	1.58%
Non Deductible Capital Structure Components	51.90%	9.60%	4.98%		2.20%*(1-28.11%)
	100.00%		7.18%		4.98%
					6.56%

Rate of Return Information from Docket No.: ER23030144, Order dated: February 14, 2024, with accounting implementation on February 15, 2024.

Combined FIT and CBT Rate	=	28.11%	=	(9.00%	+	(21.00%	*	(1 -	9.00%))
				(CBT	+	(FIT	*	(1 -	CBT))

Note: If your company is not subject to Corporate Business Tax, enter 0 in cell J57.